



**Director of  
Central  
Intelligence**

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## USSR: Chernenko's Role

*The chances of party secretary Chernenko becoming president at the Supreme Soviet meeting next week appear increasingly slim as General Secretary Andropov continues to represent the state at the most important functions.*

Andropov, Premier Tikhonov, and Foreign Minister Gromyko have been the principals at recent meetings with visiting foreign delegations. This week Andropov met with Yugoslav leaders, Vice President Bush, West German Chancellor Kohl, and several other key state visitors. In contrast, Chernenko has not been involved in any meetings with foreign dignitaries.

Meanwhile, rumors are circulating in Moscow about the death of Politburo member Pelshe. His office has denied the rumors but offered no explanation for his failure to appear at the wake and funeral services for President Brezhnev.

Comment: The failure of Chernenko, nominally the third-ranking leader after Andropov and Tikhonov, to meet with foreign visitors reduces the chances he will become president at the Supreme Soviet session. It appears increasingly likely that some other member of the leadership--Gromyko, for example, or even Andropov may assume the top state post. In any case, Chernenko's star has faded visibly since the death of Brezhnev, his patron and protector.

The absence of Pelshe--at 83 the oldest member of the Politburo--could be due to incapacitation. He has long been ailing and reportedly has cancer. If he has died, his demise would be the third in the Soviet leadership this year.

The importance of Pelshe's post as chairman of the Party Control Committee had waned in recent years. The committee's oversight responsibility for party discipline is politically sensitive, however, and could assume more importance if Andropov steps up the campaign against corruption in official circles. The selection of Pelshe's replacement, who presumably would be announced next week at the party plenum, also could provide an early measure of Andropov's ability to consolidate his position in the leadership.

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LEBANON: Efforts To Expand Multinational Force

*//West European countries and South Korea are reluctant to join the multinational peacekeeping force in Lebanon.//* [redacted]

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*//Belgium is the only state asked thus far that has indicated a possible willingness to send a force to Lebanon. Brussels has stated, however, that others would have to assume the costs. [redacted] senior Belgian military officers fear that their troops would take substantial casualties and the multinational force will fail to maintain the peace in Lebanon.//*

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*//The UK, Sweden, the Netherlands, and Austria have rejected, or have indicated they are likely to reject, requests for troops. London cites the burdens of military commitments elsewhere, while the others indicate they prefer to participate only in UN-sanctioned peacekeeping forces.//* [redacted]

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*Comment: //Brussels may back off from participating in the multinational force if no other small country joins it. If it does participate, it is likely to view its co-operation as a favor to the US deserving some concessions on other issues.//* [redacted]

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*//No other West European state is likely to join France and Italy in the multinational force. [redacted]*

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CHINA-US: Trade Surplus

*//China during the third quarter of the year has registered a surplus in its trade with the US for the first time in nearly five years.//* [ ]

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The \$10 million surplus for the quarter came as exports to the US surged to a record \$697 million, while imports dropped 16 percent from the previous year. China also has surpluses with Western Europe and Japan instead of the usual deficits. [ ]

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*//Reductions in purchases of US cotton account for most of the drop in US sales. China has placed no large orders with the US since October 1981, as record cotton harvests and recent increases in synthetic fiber production made it possible for China to curtail purchases from all of its suppliers.//* [ ]

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*//In contrast, Chinese exports to the US are 24 percent higher than a year ago, partly because of the strength of the dollar on world markets. Exports of clothing were up nearly 60 percent in the first three quarters.//* [ ]

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Comment: *//The US appears to be the hardest hit of all of China's cotton suppliers, probably because the strong dollar resulted in higher US prices. The drop in Chinese purchases also may be in reprisal for US import restrictions on Chinese textiles.//* [ ]

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*//The Chinese surplus in trade with the US may widen in the next few months, but the US probably will still show a \$600-700 million surplus for the whole of 1982. Over the longer run, the balance of trade between the two countries will depend in part on the ability of US firms to provide advanced technology and energy-related equipment on a competitive basis.//* [ ]

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#### YUGOSLAVIA-USSR: Initial Gestures

The US Embassy in Belgrade reports the leadership's decision to send party President Ribicic to Brezhnev's funeral reversed earlier plans for lower level representation. In addition, an editorial in the authoritative daily *Borba* published the day after Brezhnev's death was uncharacteristically effusive in praising the late Soviet leader as a "great strategist and realist." The editorial did not mention Poland, Afghanistan, Kampuchea, and other issues that are frequently raised in other Yugoslav commentaries. TASS has described General Secretary Andropov's meeting with the Yugoslav delegation as "warm and friendly" and said the two sides agreed to develop bilateral relations. [REDACTED]

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Comment: The editorial and the last-minute decision to upgrade the representation at Brezhnev's funeral probably reflect Belgrade's desire to reduce strains with Moscow during the transition period. Andropov, who has clashed with Yugoslav leaders several times during his career, may be seeking to set a more positive tone in his early tenure as General Secretary. The Yugoslavs, however, will be especially alert for any signs of change in Moscow's attitude toward independent Communist parties. [REDACTED]

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USSR-MOZAMBIQUE: Top Military Officials Confer

Defense Minister Ustinov met with President Machel while he was in Moscow for Brezhnev's funeral. TASS says the Chief of the Soviet General Staff, the first Deputy Defense Minister, and the deputy chief of the organization responsible for military aid, as well as Mozambican defense aides, took part in the talks.

Comment:

Increasing concern over the situation in Mozambique and the survival of the Marxist regime in Maputo has prompted new Soviet arms shipments in recent months. Mozambique's recent efforts to secure military aid from other African states and from the West have been largely unsuccessful.//

COLOMBIA: Amnesty for Guerrillas

//President Betancur is expected to sign legislation just passed that grants amnesty to leftist guerrillas, with certain restrictions. Some insurgent leaders, especially in the M-19 group, have expressed willingness to abide by the government's terms. Other insurgent movements have shown little desire to lay down their arms and form legal political parties.//

Comment: The amnesty is unlikely to end insurgent attacks. Increased violence is possible as radical dissenters try to prove their continued strength.

COLOMBIA: Estimate of Marijuana Acreage

//The amount of land used to grow marijuana in northern Colombia is substantially below earlier US estimates of 50,000 to 100,000 acres,

marijuana is growing on about 13,500 acres, enough to produce about 13,500 tons of the drug annually, of which a little more than half reaches the US market. Colombia supplies about 75 percent of the marijuana consumed in the US.//

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## Special Analysis

### IRAN: Prospects for Economic Recovery

*Iran's aggressive oil price discounting, in violation of OPEC guidelines, will result in an increase of more than \$6 billion in oil revenues this year despite a depressed world oil market. This will improve substantially Tehran's balance-of-payments position. The country's stronger financial status is likely to bring about only gradual gains in living standards, however, because of the regime's stand against rapid economic development.*

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//Iranian oil revenues in 1982 will reach about \$18 billion, as compared with \$11.4 billion last year. As a result of price cuts this year, Iran's oil exports have increased from an average of 1.3 million barrels per day in March to 2.5 million barrels per day in October.//

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//Tehran is marketing its crude oil at prices averaging \$4 per barrel less than comparable Persian Gulf crudes. This discount more than offsets the high insurance and charter rates charged Iranian customers because of the war.//

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Imports from the West, at the same time, have slackened, depressing Tehran's expenditures of hard currency. Demand for capital goods and industrial supplies from West Germany and Japan--Iran's two largest trade partners--declined during the first half of 1982. Imports from the West probably began to increase again after July, but the slow pace of economic reconstruction suggests growth will be limited.

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The USSR and some Third World countries, on the other hand, are expanding trade with Iran. Although Soviet imports from Iran are down, exports from the USSR to Iran totaled \$445 million during the first half of 1982, nearly as much as all of its exports to Iran last year.

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Moscow's trade with Tehran is augmented by Soviet-sponsored industrial and transportation projects and Iranian military purchases. Many of these projects are nearing completion, however, and capital and industrial material imports from the USSR may decline unless Tehran accelerates its economic development. [REDACTED]

Overall, Iran probably will have achieved a current account surplus of at least \$4.5 billion by the end of the year and will have added about \$2 billion to its foreign assets. Iran's liquid foreign exchange reserves should amount to at least \$6 billion. [REDACTED]

#### Slow Progress

//The clerical regime continues to adhere to a conservative development policy. It is determined to avoid the economic and social distortions that characterized the Shah's economic plans.// [REDACTED]

//Industrial development, for the most part, is limited to completion of existing projects. Basic industry and transportation ventures have been given priority.// [REDACTED]

Agricultural production is likely to increase moderately over that of 1981 largely because of good weather and expanded plantings. Some knowledgeable sources estimate a wheat harvest of 5.5 million tons, up slightly from last year and roughly on a par with production during the Shah's rule. Iran, however, will still need to import about 3 million tons of wheat this crop year, as well as large quantities of other foodstuffs. [REDACTED]

Despite continuing shortages of consumer goods and high unemployment, there seems to be little public discontent. The government distributes basic foodstuffs to the urban masses. [REDACTED]

Moreover, the disparity in wealth between the upper and lower classes that characterized prerevolutionary Iran now is less obvious. Those Iranians who are still well-to-do are careful not to flaunt their wealth. The regime also is cultivating the image of a classless society by allowing the public to use luxury hotels and resorts. [REDACTED]

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### Shifts in Economic Policy

The regime recognizes it will be judged increasingly on the actual results of its economic and social programs. It thus has taken steps to relax economic controls:

- Import restrictions are scheduled to be reduced this fall or winter.
- The government's takeover of foreign trade operations has been slowed. Islamic "workers' councils " have been instructed to allow plants to revert to management's control.
- Large landowners are being allowed to maintain extensive holdings. [redacted]

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### Outlook

After four years of revolution and war, Iran's financial base is now more secure, with at least a limited increase in expenditures in prospect for 1983. The regime's desire to ease consumer shortages will contribute to a rise in imports, particularly from the West. Despite expanded outlays, projected oil earnings of \$20 billion during 1983 probably would still leave Iran with a current account surplus at least as large as the one this year. [redacted]

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Tehran is likely to continue the gradual relaxation of domestic economic controls in order to stimulate recovery. The clerics, who view accelerated economic development as harmful to Iran's Islamic culture, will oppose any efforts by technocrats to promote more rapid growth. [redacted]

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